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SUMMARY

Agenda Item: "

India

PLANNING PROCEDURE IN INDIA

By Dr. S.R. SEN,
Joint Secretary,
Planning Commission, India

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No. 177 F

PLANNING PROCEDURE IN INDIA

by

Dr. S.R. Sen

Joint Secretary, Planning Commission, India

SUMMARY

1. The raison d'etre of economic planning in India is to accelerate the process of economic and social change in a relatively stagnant economy and traditional society.

2. The procedure of planning that has been evolved in India over the last decade is essentially a backward and forward process - an exercise in successive approximation and successive coordination and a combination on the one hand of perspective planning, five year planning, annual planning and on the other of national planning, sectoral planning and regional planning.

3. Keeping in view the basic political and social objectives of the Government, the National Planning Commission prepares first a perspective plan of 15 to 20 years mainly in broad physical terms and on what is known as the "rolling" basis.

4. The Five Year Plan is formulated both in physical and financial terms and the first step in its preparation is to make a number of projections for demand and supply for the next five years in the light of the current trend of economic forces and keeping in view the perspectiveplan and accepted model of development.

5. On the basis of these preliminary exercises a few key figures are worked out on a provisional basis in the Planning Commission and then a number of working groups at the Centre and in the States proceed to formulate tentative plans for their respective sectors or regions in the light of these key figures.

6. When the recommendations of these working groups are available a process of balancing begins in the Planning Commission. Although an attempt is made to ensure the maximum possible balance in the Plan some imbalance is often found to be unavoidable. This is sought to be adjusted through monetary and fiscal measures as well as physical controls. This sort of exercise is first undertaken for the preparation of a draft outline of the Five Year Plan and then repeated for the preparation of the final report of the Plan. The draft outline of the Plan is published several months earlier than the date when the final report of the Plan is to be issued and is discussed widely in the country. At the same time the Central Ministries, State Governments and the District and Block Authorities not only give their comments but also work out their own provisional Plans in the light of the broad targets given in the draft outline. All these comments and plans are then examined and coordinated at successive higher levels and ultimately utilised by the Planning Commission for the preparation of the final Report of the Five Year Plan.

7. In preparing the Five Year Plan programming techniques of various kinds, budgeting, method of balances, inter-industry tables, linear programming etc., are followed in a selective manner for the over-all economy, for different sectors and for different purposes. The most common methods are, however, the first two.

8. Since for operational purposes five years is too long a period, the five year plan is supplemented by an exercise in annual planning. The annual plan is really the national economic budget for a period of one year - an economic counter-part of the familiar financial budget.

9. In the planning procedure evolved in India the role of the National Planning Commission is two-fold - (i) to originate policies for development, and (ii) integrate ideas and programmes for economic development formulated by other agencies in the country into a coordinated picture. The Planning Commission is essentially a non-political advisory body which makes recommendations to Government and has no sanctions of its own. It has been organised essentially as a staff agency.

10. For the purposes of evaluating the performance of various organisations responsible for implementing projects and programmes included in the Plan, there are two special bodies, - (a) Committee on Plan Projects, and (b) Programme Evaluation Organisation.

11. Planning means adaptation as well as innovation. As such intensive research in a number of economic, social, administrative, technical and scientific problems has high priority in Indian planning. For undertaking research in economic and social problems, the Planning Commission has set up a separate organisation, viz., the Research Programmes Committee. So far as the technological and scientific aspects are concerned, the main coordinating agencies are Council of Scientific and Industrial Research, Indian Council of Agricultural Research and Indian Council of Medical Research. A Committee on Natural Resources has recently been set up in the Planning Commission to promote studies in the field of utilisation and conservation of natural resources.

12. Although the Planning Commission was the only institution for planning in earlier years of economic planning in India, it was soon found that it was impossible for a single institution to deal adequately with the multifarious problems of a country of the size and complexity of India. Steps were, therefore, taken to develop a number of other institutions for planning at various functional and territorial levels. At the functional level, the most important planning institutions are - the Central Ministries, their Planning Cells and Attached Organisations. As far as territorial planning is concerned, the main institution responsible for the preparation of the Plan at the State level is the State planning Department. It is supported by Planning Organisations at the District and Block levels. The ultimate objective in India is planning from village and enterprise upward. Some experiments have been made but it has not yet been found practicable.

13. One of the most difficult problems of planning in a country like India is how to coordinate the plans and policies of the various authorities, Central, State, District and Block. The institution for coordination at the State level is the State Development Board or State Planning Advisory Committee. The institution that has been set up at the Centre for coordination of policies and plans of the Central and State Governments is called the National Development Council. This Council comprises the Prime Minister of India as the Chairman and the Chief Ministers of States and the Members of the Planning Commission.

14. The Indian Plan is essentially a frame-work plan characterised by a considerable amount of flexibility and decentralisation. Both the process of planning and the institutional set up for planning in India are, however, still in the process of evolution.

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